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SUBJECT: Austria, Strong Niche Player in Europe's Space Industry

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Sensitive but unclassified -- protect accordingly.

REF: A) Vienna 1287 B) Vienna 1382

¶1. (U) SUMMARY: Austria has developed a successful niche within Europe's space industry in the areas of earth observation and satellite equipment since its late entry to the European Space Agency (1987). Clusters of small earth observation firms (centered on universities in Salzburg, Innsbruck and Graz) specialize in analyzing copious and complex satellite data for a variety of end uses. Another group of mid-size firms (largely in Vienna) supply satellite equipment and software -- foremost to ESA, but also to Boeing, NASA, JAXA (Japan), CNES (France) and CNSA (China). R&D projects, often with German partners, are supported by ESA and/or the Austrian government. Growing success (particularly in earth observation) brings commercial opportunities but may eventually raise technology control issues. END SUMMARY.

#### Earth Observation Sector

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¶2. (U) Many of Austria's boutique earth observation firms initially developed their software modeling to address environmental and land-use problems in that alpine country. Not surprisingly, these firms have become particularly good at steep, high-terrain analysis under high cloud coverage; examples include:

-- using highly accurate elevation modeling to help build an airport;

-- glacier monitoring for water resource management; and

-- forest cover monitoring of deforestation and soil erosion, and to identify avalanche-prone areas.

Some firms' products are being used by the World Bank and organizations for risk/climate change studies in various regions of the world.

¶3. (U) Geoville ([www.geoville.com](http://www.geoville.com)), the largest of these firms, uses high resolution TerraSAR-X data and digital surface modeling to analyze such issues as oil reserves (in Kuwait and Saudi Arabia). Geoville is involved in World Bank studies and several EU projects monitoring global environment, natural disaster, and security issues (GMES, GEOLAND2 and GSE LAND).

¶4. (U) Small firms in Austria developing satellite-downstream applications include EOX IT Services, Enveo Environmental Earth Observation, BGIS, GRID-IT, GCS Global Communications, and Intergraph Austria. These firms are excelling not only at evaluating satellite data, but have also developed products that can manage the large volume of large 3D satellite data so as to allow users rapid and efficient access - a particularly useful tool for natural or civil crisis management.

#### Satellite Suppliers

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¶5. (U) The leading satellite equipment supplier in Austria is Ruag

Space (www.space.at / formerly Austrian Aerospace and a subsidiary of Sweden's Saab Space until 2008, when it became a subsidiary of Switzerland's Ruag Holding). Its key satellite products include:

- customized multilayer insulation;
- onboard electronics (e.g. navigation signal generators and GPS receivers); and
- onboard positioning mechanisms (for pointing ion thrusters or deploying appendages).

In 2009, Ruag Space supplied GPS receivers for the ESA's Global Monitoring for Environment and Security (GMES) program, and provided equipment and insulation for ESA's Herschel/Plank and GOCE satellites.

¶6. (U) Siemens Austria is also an active satellite supplier, working primarily on the European Galileo project. It specializes in VSAT monitoring systems, SIECAMS for monitoring of signal spectrum transmitted via satellite, and ground system/mission control software. Both Ruag and Siemens sell most of their products to the ESA, whereas smaller Austrian satellite suppliers -- including Magna Steyr Space Technology (cryogenic feed lines) and start-up Orbospace (vehicle system design and rocket propulsion) -- sell to largely non-ESA customers.

Modest, but Well Targeted Government Support  
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¶7. (U) The GoA supports space R&D through its modest contribution to EU programs: in 2009 it gave EUR 15.6 million to ESA directly, spending another EUR 18.4 million to participate in ESA research programs and EUR 4.1 million to participate in EUMETSAT. At the national level, the GoA has funded space research through the Austrian Space Applications Program (ASAP) since 2002; in 2009, ASAP had a budget of EUR 11.9 million, of which 2.6 million is set aside for GMES projects. ASAP focuses on space applications including navigation, telecommunication, and earth observation. The largest

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element of ASAP is the ARTIST project ("Austrian Radionavigation Technology and Integrated Satnav Services and Product Testbed") which funds "intelligent transport" and has been used to test Galileo applications and services. According to Space Agency head Harald Posch, the government is now underwriting loans to small firms with riskier projects, who cannot find private credit due to the worldwide banking crisis.

COMMENT  
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¶8. (SBU) Austria's active earth observation sector is an outgrowth of heavy government spending on the environment and high-tech R&D. The sector should benefit significantly from a Copenhagen-process agreement on climate change that will no doubt entail expanded land-use monitoring. There are also growing synergies with Austria's light aircraft and unmanned aircraft sector which already offer remote sensing capabilities(which Post will describe Septel). However, these new commercial opportunities are likely to bring technology control concerns (Ref B). END COMMENT.

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